

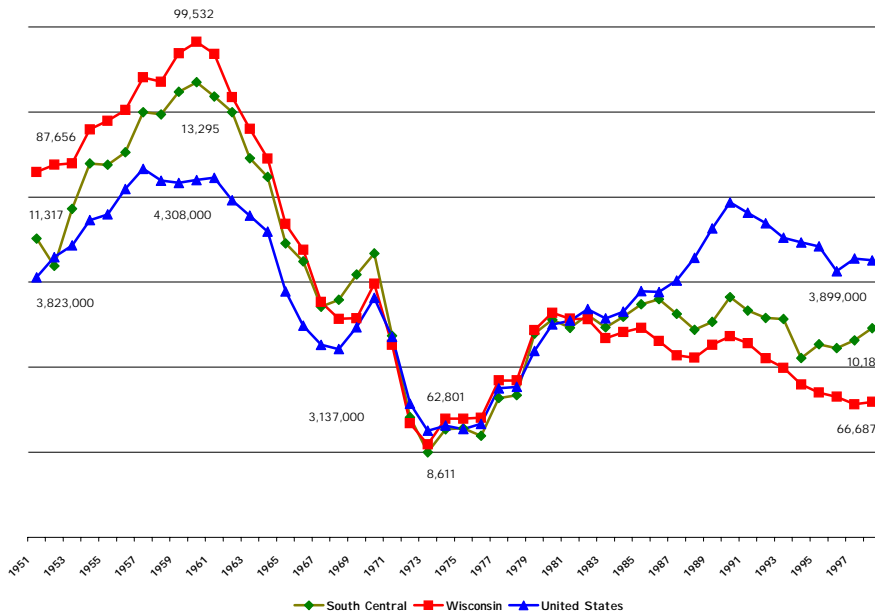
South Central Wisconsin

I would like to start today with a quick introduction about why economic development is such an important issue for the State in general and then get quickly into south central Wisconsin, in particular.

- The state is losing young people particularly our college educated young people at an alarming rate.
- Wisconsin has one of the highest female labor force participation rates in the United States. While that is not a problem by itself, it comes with considerable cost in terms of families.
- Related to this high labor force participation rate for females, is an increasingly low birth total for the state.
- Wisconsin has a very high concentration of employment in manufacturing, which in and of itself is probably desirable, but it makes us very vulnerable in economic downturn cycles such as we are presently going through.
- Closely related is the fact that Wisconsin companies are often targets for takeover by other firms, particularly firms located outside of Wisconsin and often outside of the country. By itself, not much of a problem, but when those firms are considering downsizing, the Wisconsin operations are much more vulnerable than the home office sites.
- We have a very large Baby Boom age cohort that is fast approaching retirement age. The oldest of Baby Boomers is now 56 years old.
- Income levels for the state are not keeping up with national trends, but even more troubling, they are falling farther and farther behind our neighbor states of Minnesota and Illinois.

And, you're maybe wondering why we think a regional approach is so important to Wisconsin. The most important reason is that Wisconsin's population is extraordinarily dispersed throughout the State. Minnesota, for example, has five metro areas and or metro counties, where 69 percent of Minnesota's population lives. Wisconsin has fourteen metro areas or counties where 67 percent of our population lives. In Minnesota, however, 85 per-

Births 1951 Through 1998
Scaled to variation from mean



cent of the metro area population lives in the Twin Cities metro area. In Wisconsin, only 40 percent of our metro population live in the Milwaukee/Waukesha metro area. In Illinois the concentration is even more pronounced. Eighty-five percent of Illinois' population lives in the nine metro areas of the state and 70 percent of those people live in the Chicago metro area.

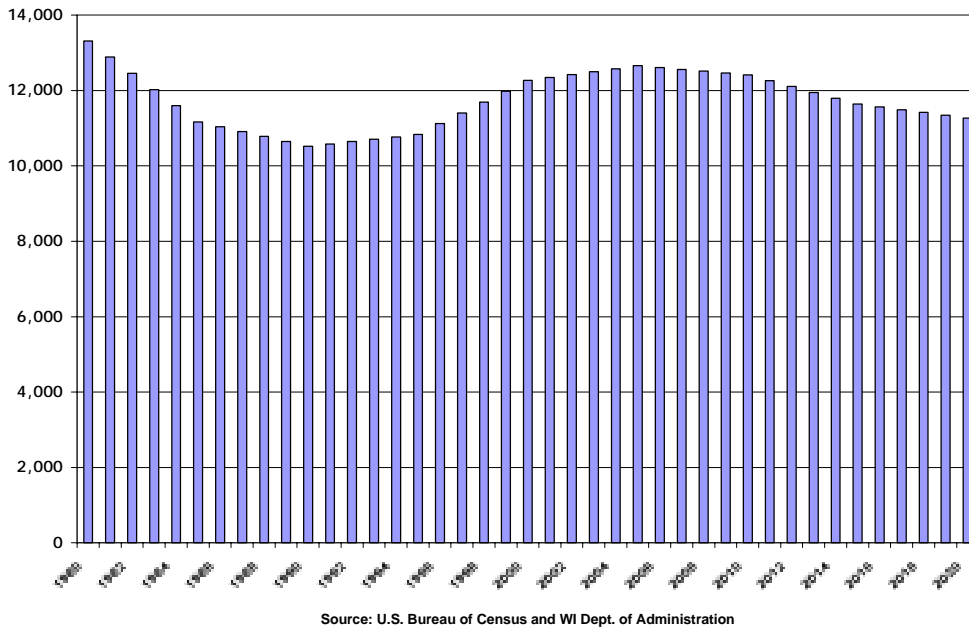
South central Wisconsin as we are calling this part of the state is not a specific entity. It is not even a loosely knit federation. It

is most certainly not a bureaucratically designated zone. It is merely a geographic area of the state. Whether it contains this county or that county is of no great concern. What is of concern is that this area of the State of Wisconsin be given encouragement and support in its effort to grow and prosper. What I would like to share with you today is an outsider's view of your area. Again, I am not suggesting you all belong to each other. I am merely looking at a small "a" - area of the State of Wisconsin. Included in the data I'm looking at today are Adams, Columbia, Dane, Green, Green Lake, Iowa, Juneau, Marquette, Rock, Sauk, and Waushara counties.

First, let me tell you some things about yourselves. There are about 844,000 people living in this eleven county area. This is about 16 percent of the state's population of 5,363,675 as of 2000. In the last 100 years, the period from 1900 to 2000, this area of the state has increased its population 179 percent, growing from 302,650 people to 844,000 people. During that same time span, the State of Wisconsin grew 159.2 percent, from 2,069,000 to 5,364,000. Since 1960, however, this area has grown much faster than the State, going from 517,000 to 844,000, a 63.3 percent increase. The State was growing from 3,952,000 to 5,364,000, a 35.7 percent increase.

In a state that is aging very rapidly, this area is aging at almost the same rate. The average age of the population in the south central area of the state was 35.1 years in 1990. The state average age was 35.5. By 2000, the region had increased to 36.6 while the state increased to 36.8. By 2020, the south central area will have an average age of 39.9. The state is also expected to reach 39.9 by 2020. This is misleading, however, as several counties in south central Wisconsin will reach an average of 47 or more years of age, while others, notably Dane County, will have an average age of just 37.8. Adams County is projected to have an average age of 52 by 2020.

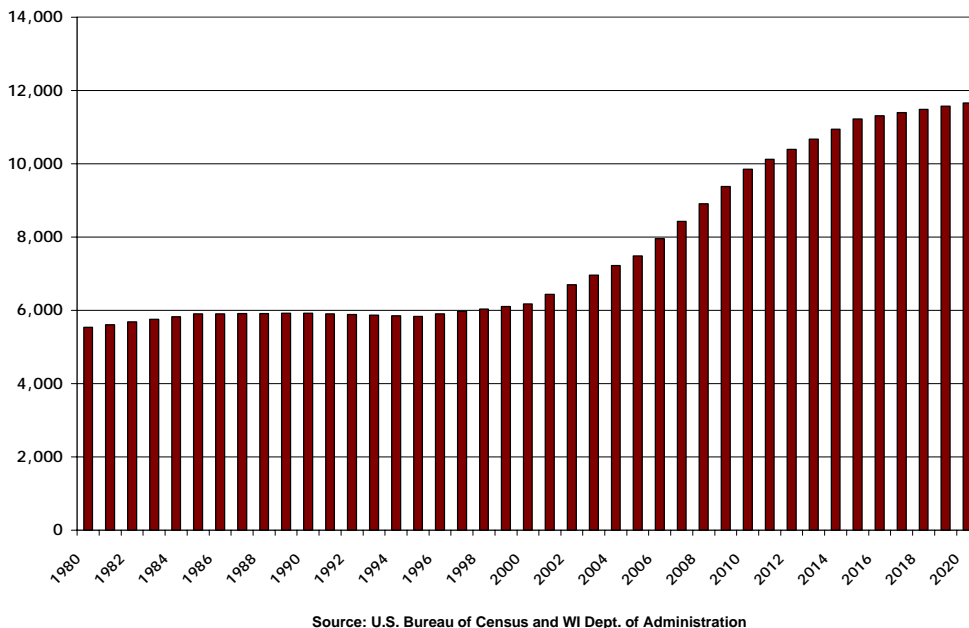
South Central Region
18 Years of Age
1980-2020



The reason for this is the juncture of two or three closely related demographic developments. First, the area is experiencing a dramatic change in the number of births. This graphic says it better than I can. We're looking at the United States, Wisconsin, and the south central area of Wisconsin. Notice in particular, the drop in births between 1951 and 1973 for south central Wisconsin.

From 11,317 to 8,611, a drop of 2,706, or 24 percent. For Wisconsin, the drop was also very dramatic, from 87,656 to 62,801, a 28 percent decrease. The United States, which went from 3,823,000 to 3,137,000, was a much less dramatic 17.9 percent decrease. There has been some recovery since 1973 for the state, but particularly for the south central area, yet both have fallen short of the recovery for the United States.

South Central Region
65 Years of Age
1980-2020



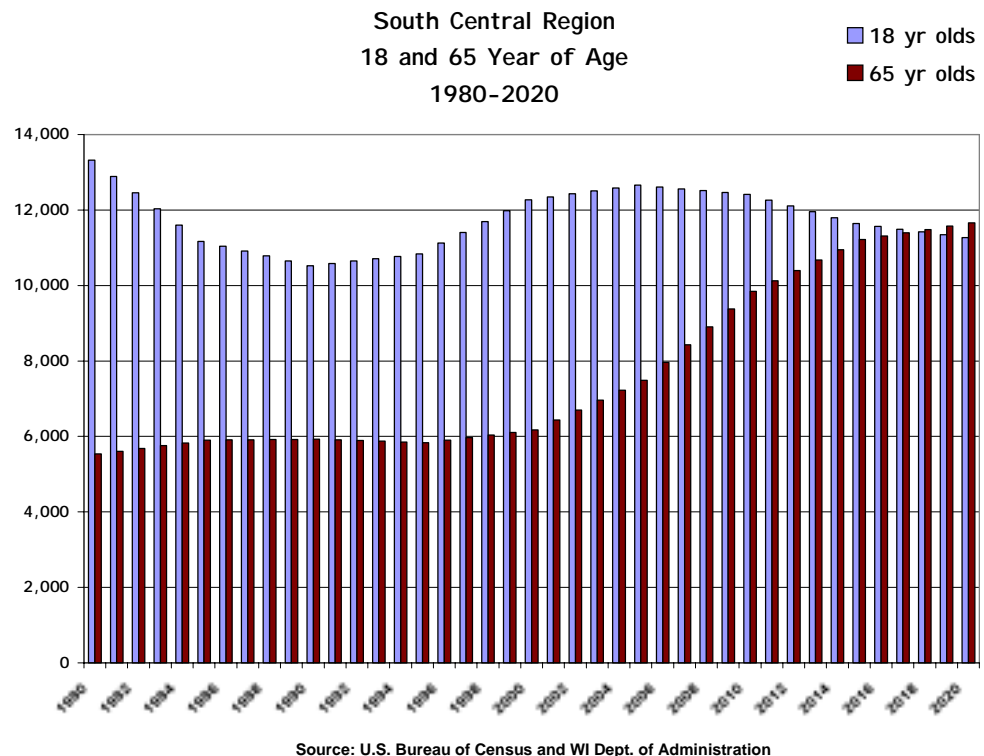
What follows this reduction in births is a reduction in young people turning eighteen years old. Here is a graphic illustrating the number of young people turning eighteen. A considerable drop from 1980 to 1990, followed by a strong increase up to 2009, then a gradual reduction through 2020. Remember that the number of eighteen-year olds generally includes college students, who

may not and often don't translate into labor market entrants for the location where they attend college or where their place of residents is. In an area like south central Wisconsin, this is a sizeable part of the eighteen-year old population.

This next graph shows us the number of people in the south central portion of the State turning 65 years of age each year. The area does fine until the day after tomorrow. Then suddenly in 2002, the increase in the number of people turning 65 begins. And, it is great. Between 2001 and 2016 the number of people turning 65 in the area grows from about 6,000 to 11,500 each year. That means that in addition to new jobs that might open up from growth, there will be an additional 10,000 jobs each and every year the direct result of retirement. And by the way, if we don't have people trained to take the place of the retiring workers, the firms will move on to a place that does.

When we put these two graphs together they become more dramatic. We can see the squeeze really begins in

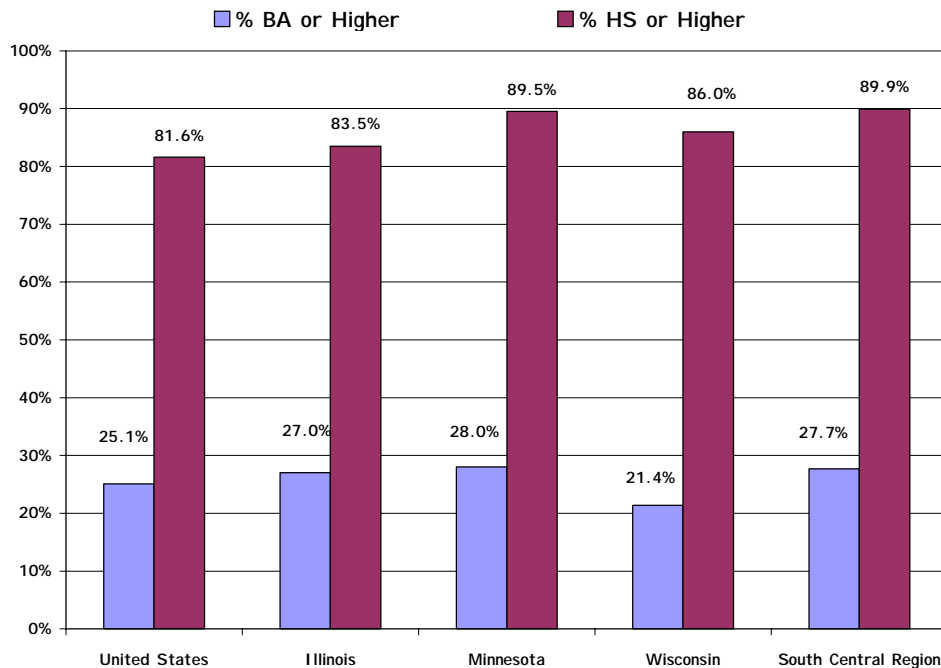
about five years. And by the way, the south central area looks about as bad in this demographic change as does the State of Wisconsin. Complicating this graph is the fact that we're looking at demographic limits. We don't reach the limits, because our older workers retire before age 65, and our college graduates are leaving the state in alarming numbers as I mentioned earlier. But once again, south central Wisconsin



has great disparity depending on where we focus our study. Counties like Adams, Marquette and Waushara are aging at a very fast pace. Green County and Iowa County are not far behind.

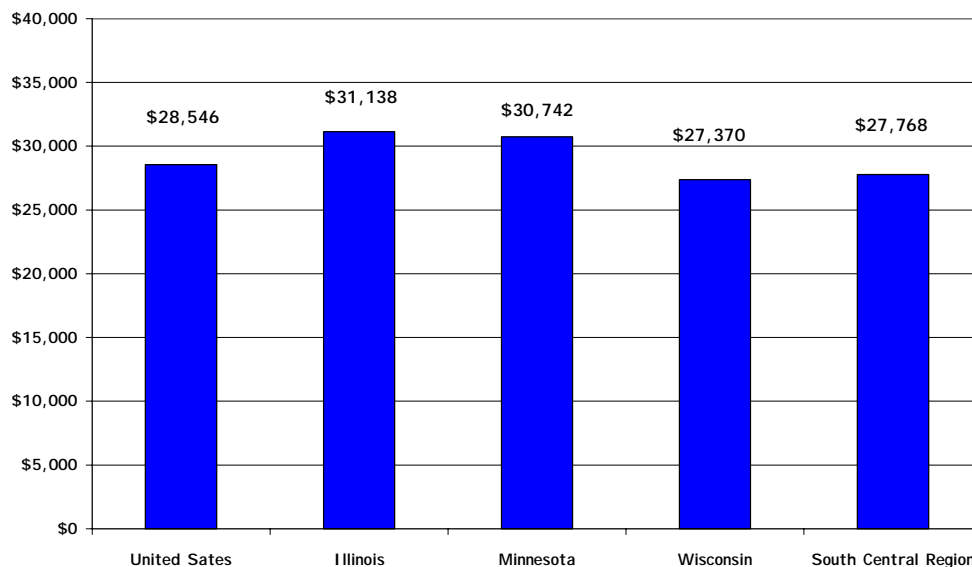
Here is a graph looking at the percentage of high school and then college graduates among 25 year old and older citizens for several geographic areas - the United States, Illinois, Minnesota, Wisconsin, and south central Wisconsin. It is alarming that Wisconsin does so poorly at retaining college graduates. And, although south central Wisconsin does better at

Educational Attainment-25 years of Age and Older



Source: U.S. Bureau of Census, 2000, *Supplemental File*

1999 Per Capita Income



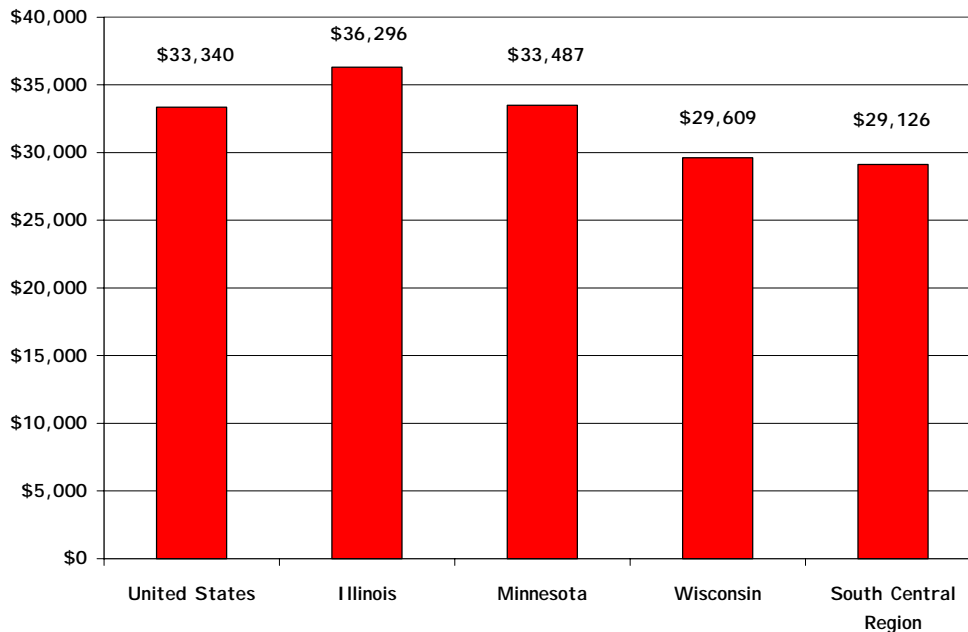
Source: U.S. Dept. of Labor, Bureau of Economic Analysis

United States:	\$28,546	1.03
Illinois:	\$31,138	1.12
Minnesota:	\$30,742	1.11
Wisconsin:	\$27,370	0.99
SC Wisconsin:	\$27,768	1.00

retaining college graduates than the State, there is tremendous disparity throughout the south central area of the State. In fact, Dane County has over 41 percent of its 25 year old and older population with a baccalaureate degree or higher. There are several counties in south central Wisconsin where people with baccalaureate degrees make up less than 12 percent of the 25 year old and older population. That doesn't mean their young people are not acquiring college degrees, it means that they are moving someplace else to work and live.

Looking at per capita income, south central Wisconsin does pretty well in comparison to the rest of the state, and the nation.

1999 Annual Average Wage Earned-All Industries

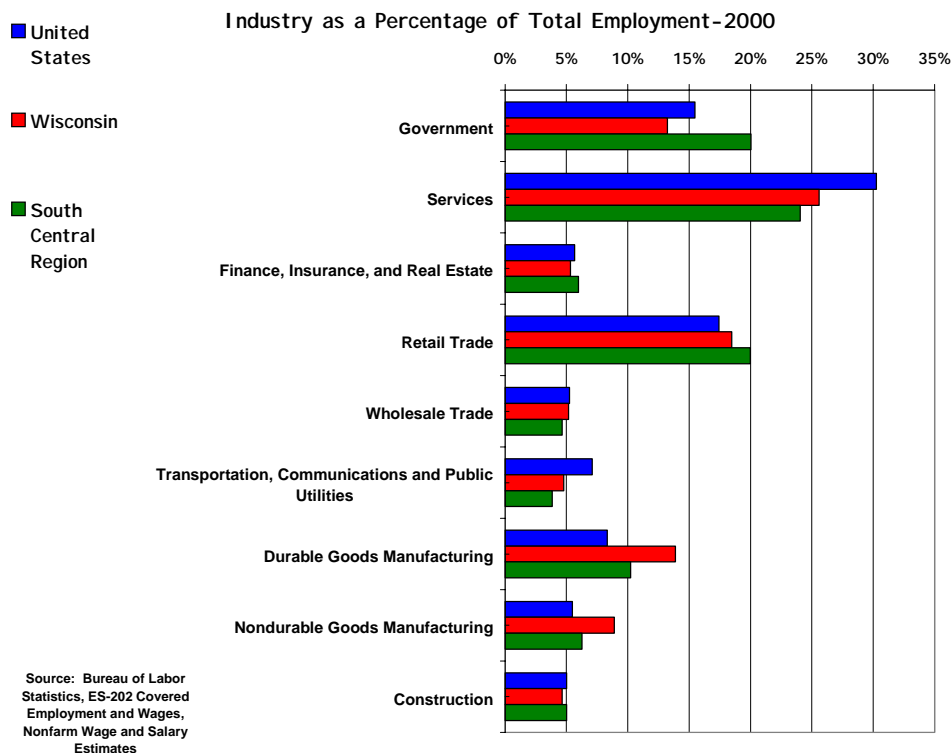


Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, 1999

This next graphic looks at average wage per job in the same areas. Once again, south central Wisconsin is very close to the state average, but is behind the nation and our neighbor states of Illinois and Minnesota. It should be noted that the way Wisconsin residents catch up with national citizens in annual per capita income is to hold more than one job.

Let's change gears here for just a moment and look at where we work. This graphic looks at where workers find their jobs. I want you to look at it a bit and then I'll make a couple of observations.

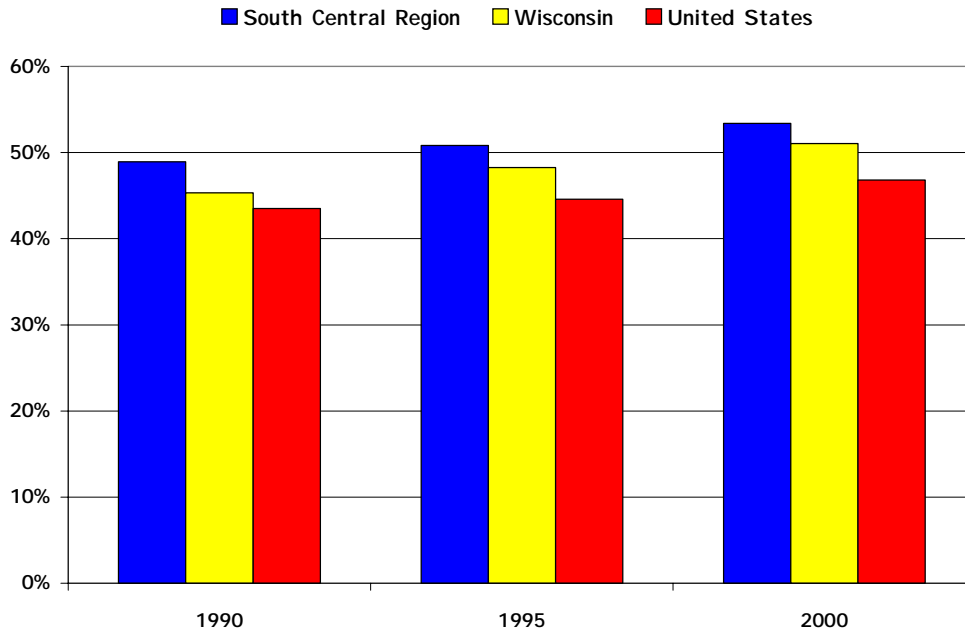
The south central area of the state is dominant in government, but also has pretty good strength in durable goods manufacturing.



Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, Nonfarm Wage and Salary Estimates

The durable goods manufacturing in south central Wisconsin includes strength in machinery, in electronic and electrical equipment and supplies, in fabricated metals, and in transportation equipment. Much of that durable goods manufacturing industry is located in Rock County. The area also has solid strength in finance, insurance and

Number of Jobs/Total Population Ratio



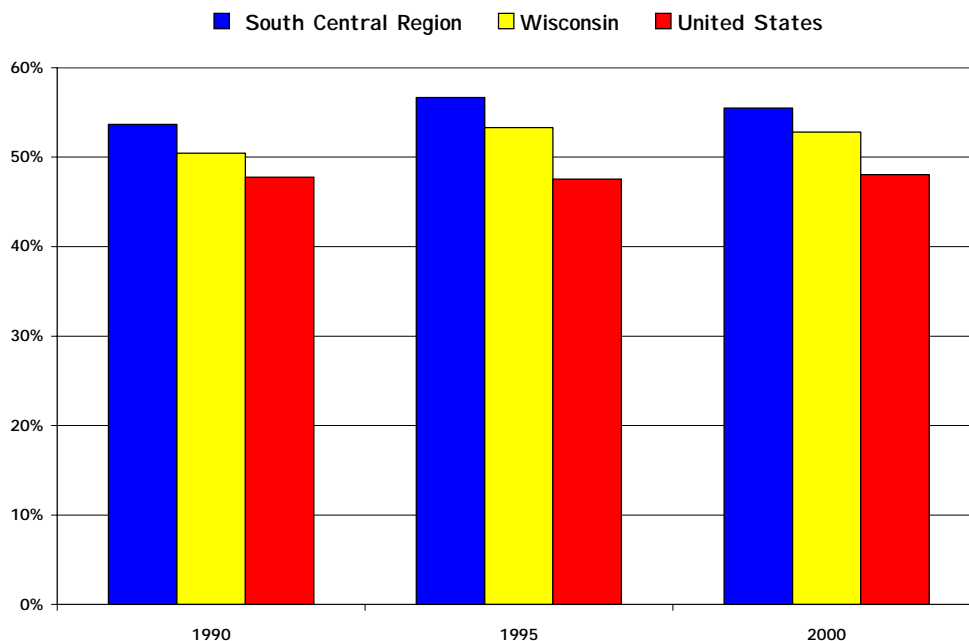
Source: U.S. Bureau of Labor Statistics, Bureau of Census

real estate, and in retail trade. Much of the retail trade is associated with the Madison area, but of course there is also the heavy concentration of tourism in the Wisconsin Dells area. Construction is quite strong in the area, a reflection of the area's population growth.

The next two graphs explore the number of jobs per person in the area, for Wisconsin and for the U.S. for 1990,

1995, and 2000, and the ratio of the population employed. We can see the job growth for the area was strong for the 1990s, although it actually lagged job growth for the state. This resulted in a fairly high employment to population ratio for the area. In fact, there are a number of counties, notably Columbia, Dodge, Green, Iowa, and Jefferson where large numbers of residents commute to work in Dane County. Dodge and Jefferson counties also send large numbers of workers into the Milwaukee metropolitan area to work.

Employed/Total Population Ratio



Source: U.S. Bureau of Labor Statistics, Bureau of Census